

**RENO COUNTY
CONSERVATION DISTRICT
South Hutchinson, Kansas**

**AGREED-UPON PROCEDURES AND
COMPILATION REPORT**

Year Ended December 31, 2019

**GOHEEN & SLAVIK CPAs, LLC
Certified Public Accountants
Downs, Kansas**

RENO COUNTY
CONSERVATION DISTRICT

2019

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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

Board of Supervisors
Reno County Conservation District
South Hutchinson, Kansas 67505

We have performed the procedures enumerated below, which were agreed to by the Board of Supervisors of the Reno County Conservation District and the State Conservation Commission of the State of Kansas, solely to assist you with respect to determining the District's compliance with the procedures outlined in the Kansas Municipal Audit and Accounting Guide (KMAAG), Appendix K, for the year ended December 31, 2019. The Reno County Conservation District's management is responsible for compliance with these procedures, as well as the Combined Statement of Cash Receipts, Cash Disbursements and Cash Balance for the year then ended. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. We have tied the District's ending cash balance to the year end bank reconciliation and any other documents evidencing year end cash.

FINDINGS: No discrepancies were noted.

2. We tied the year-end cash balance as shown on the Statement of Cash Receipts and Cash Disbursements to: (1) demand deposits at the District's official depository, (2) time deposits at the District's official depository, and (3) other cash/investment accounts.

FINDINGS: No discrepancies were noted. Cash balances were as follows:

General Ledger Account Balances as of December 31, 2019	
Peoples Bank and Trust	
Checking Account #472506	\$ 4,099
Checking Account #472522	1,000
Money Market #472514	84,110
Money Market #472530	95,914
Certificate of Deposit #7124	28,646
Certificate of Deposit #13632	13,172
Citizens Bank of Kansas	
Certificate of Deposit #9879	26,688
Certificate of Deposit #1527	<u>27,185</u>
Total	\$ <u>280,814</u>

3. Using the last bank statement of the year, we compared the total deposits in excess of FDIC insurance to securities pledged to secure the excess deposits, as evidenced by joint custody receipts.

FINDINGS: No deposits were found to be in excess of the FDIC insured amount.

4. For the last bank statement of the year, we compared the name of the depository institution to an entry in the official minutes that designated the institution as the District's official depository.

FINDINGS: No depositories were designated. We recommend this be designated annually in the board minutes. However, KMAAG does not require it unless there has been a change in board supervisors from the prior year. We show there was a board supervisor change, therefore a designation should have been made.

5. For two months, we traced the interest income from the bank statement to the District's cash receipts records.

FINDINGS: No discrepancies were noted.

6. For two months, we traced non-mail cash receipts from the receipt book to the bookkeeping records to determine the receipts were properly recorded. For those same two months, we traced bookkeeping entries to the bank statement to determine receipts were deposited intact and on a timely basis.

FINDINGS: No discrepancies were noted.

7. For approximately ten percent of the District's non-payroll cash disbursements, we traced the disbursement from the bookkeeping records to the related invoice, as well as the bank statement and cancelled check. We also reviewed the propriety of these disbursements, considering the following:
 - The district supervisor shall receive no compensation for services but may receive travel expenses.
 - Travel and expenses are permitted only for supervisors and district employees.
 - Disbursements are not permitted for prizes or as incentives for achievements or attendance at meetings.
 - Disbursements are not permitted for meals at the annual meeting.

FINDINGS: No discrepancies were noted.

8. For one month, we compared the disbursements as recorded in the check register to an entry in the official minutes that approved the disbursements.

FINDINGS: No discrepancies were noted.

9. We have examined evidence of encumbrances and accounts payable and determined that they have been properly stated in the financial statements as of the end of the year. Evidence of encumbrances would include unpaid purchase orders and contracts. Evidence of accounts payable would include unpaid invoices and receiving reports. The evidence is consistent with the related amount shown on the financial statement. Encumbrances and accounts payable consisted of the following at December 31, 2019:

Operations Fund

Payroll Tax Liabilities \$3,721
Insurance 650
Total \$4,372

Business Fund

None

CLWOP

Insurance \$1,512

10. We reviewed the District's credit card policy and internal controls, as applicable.

FINDINGS: There are two district credit cards which are in the district's name. Each card also has the respective authorized signer's name on it. The district manager and the board chairperson are the authorized signers on the credit cards. Employees are required to save the receipts from the credit card purchases and submit them to the board with the monthly credit card statement. The board reviews them and signs off on the claims vouchers that contain these transactions. The purchase limit without prior board approval is \$1,000.00. The district's credit card procedures and internal controls are currently being followed.

11. For at least one month, we reviewed payroll records to determine that the correct deductions and employer contributions are being properly made. We also determined that the District was in compliance with the Fair Labor Standards Act.

FINDINGS: No discrepancies were noted. District was in compliance with the Fair Labor Standards Act.

12. For the last month of the year, we reviewed the payroll records for each employee to determine if a deduction for KPERS (Kansas Public Employees Retirement System) was made.

FINDINGS: For two employees, their wages reported on their W-2s did not match the wages reported on the Annual KPERS report. District Manager has been advised on the correction needed.

13. We compared the following items in the current year financial statements to the same items in the prior year financial statements to determine if there was a variance of more than 25% per fund: 1) total cash receipts, 2) total cash disbursements, 3) encumbrances and accounts payable, and 4) ending unencumbered cash balance.

FINDINGS: Variances were checked for cause and the following funds revealed variances of more than 25%:

Operations Fund:

- Total Cash Disbursements: Review and analysis of the funds revealed a 48.45% increase due to an increase in payroll expenses.
- Outstanding Encumbrances & A/P: Review and analysis of the funds revealed a 55.66% increase due to encumbered payroll liabilities and insurance premiums.

Business Fund:

- Total Cash Receipts: Review and analysis of the funds revealed a 35.48% decrease due to a decrease in retail sales and equipment rental.
- Total Cash Disbursements: Review and analysis of the funds revealed a 49.11% decrease due to a decrease in equipment & building maintenance and cost of goods sold.

Cheney Lake Project Fund:

- Total Cash Receipts: Review and analysis of the funds revealed a 26.74% increase due to an increase state appropriations and reimbursements.
- Outstanding Encumbrances & A/P: Review and analysis of the funds revealed a 100% increase due to encumbered insurance premiums compared to no encumbrances or A/P the prior year.

- Ending Unencumbered Cash Balance: Review and analysis of the funds revealed a 27.72% decrease due to Total Cash Disbursements increasing by more than total cash receipts and the addition of encumbrances.

14. For two months, we reviewed the District's month-end statement of cash receipts and cash disbursements to determine that the ending unencumbered cash balance is greater than or equal to zero.

FINDINGS: No discrepancies were noted.

15. For two months, we reviewed the official minutes to determine that the minutes have been signed by the chairperson of the board of supervisors.

FINDINGS: No discrepancies were noted.

16. We reviewed the District's surety (fidelity) bond to determine that the District manager is covered by such a bond.

FINDINGS: No discrepancies were noted.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the stated subject matter. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Supervisors of Reno County Conservation District and the State Conservation Board and is not intended to be and should not be used by anyone other than those specified parties.

July 28, 2020
Downs, Kansas

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To the Board of Supervisors
Reno County Conservation District
South Hutchinson, Kansas

Management is responsible for the accompanying financial statements of the Reno County Conservation District, which comprise the regulatory basis combined statement of cash receipts, cash disbursements, and cash balance as of December 31, 2019, in accordance with the regulatory basis accounting provisions permitted in the Kansas Municipal Audit and Accounting Guide (KMAAG), and for determining that the regulatory basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on this financial statement.

The financial statements are prepared in accordance with the regulatory basis of accounting provisions permitted in the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all the disclosures ordinarily included in financial statements prepared in accordance with the above stated regulatory basis of accounting. If the omitted disclosures were included in the financial statement, they might influence the user's conclusions about the District's cash receipts, cash disbursements, and cash balance. Accordingly, the financial statement is not designed for those who are not informed about such matters.

July 28, 2020
Downs, Kansas

Goheen & Slavik CPAs, LLC
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Certified Public Accountants

RENO COUNTY CONSERVATION DISTRICT
Combined Statement of Cash Receipts, Cash Disbursements, and Cash Balance
For the Year Ended December 31, 2019

	Operations Fund	Business Fund	Cheney Lake Project	Total
Beginning Cash Balance, January 1	\$ 4,085	\$ 171,535	\$ 131,988	\$ 307,608
Cash Receipts:				
Appropriations - State	\$ 22,328	\$ -	\$ 117,372	\$ 139,700
Appropriations - County	45,000	-	-	45,000
Retail Sales & Services	-	9,500	-	9,500
Equipment Rental	-	6,342	-	6,342
Interest	-	1,799	135	1,934
Miscellaneous	518	2,071	-	2,589
Grant Funds	2,500	-	-	2,500
Donations	-	713	-	713
Reimbursements	885	-	54,290	55,175
Transfers from Other Funds	35,703	-	-	35,703
Total Cash Receipts	<u>106,934</u>	<u>20,425</u>	<u>171,797</u>	<u>299,156</u>
Total Available Cash	\$ 111,019	\$ 191,960	\$ 303,785	\$ 606,764
Cash Disbursements:				
Salaries and Wages	\$ 75,429	\$ -	\$ 60,080	\$ 135,509
Employee Benefits	17,068	-	14,516	31,584
Travel	2,011	736	1,757	4,504
Equipment & Building Maintenance	666	3,925	-	4,591
Information & Education	4,280	565	1,201	6,046
Other Administrative Expenses	4,518	3,677	5,520	13,715
Goods for Resale	-	4,995	-	4,995
Grant Expense	1,108	-	88,094	89,202
Miscellaneous	-	100	-	100
Transfers to Other Funds	-	-	35,703	35,703
Total Cash Disbursements	<u>105,081</u>	<u>13,998</u>	<u>206,871</u>	<u>325,950</u>
Ending Cash Balance, December 31	\$ 5,938	\$ 177,962	\$ 96,914	\$ 280,814
Outstanding Encumbrances and Accounts Payable, December 31	<u>(4,371)</u>	<u>-</u>	<u>(1,512)</u>	<u>(5,883)</u>
Ending Unencumbered Cash, December 31	<u>\$ 1,567</u>	<u>\$ 177,962</u>	<u>\$ 95,402</u>	<u>\$ 274,931</u>
Composition of Cash:				
Checking Accounts	3,999	100	1,000	5,099
Money Market Accounts	1,939	82,171	95,914	180,024
Certificates of Deposit	<u>-</u>	<u>95,691</u>	<u>-</u>	<u>95,691</u>
Total Cash	<u>\$ 5,938</u>	<u>\$ 177,962</u>	<u>\$ 96,914</u>	<u>\$ 280,814</u>

See Accountants' Compilation Report.